

REGULATORY ALERT

NATIONAL CREDIT UNION ADMINISTRATION

1775 Duke Street, Alexandria, VA 22314

DATE: January 2016

NO: 16-RA-02

TO: Federally Insured Credit Unions

SUBJ: Enhanced Share Insurance Coverage

ENCL: [Guidance on Enhanced Share Insurance](#)

Dear Board of Directors and Chief Executive Officer:

As of January 27, 2016, three types of credit union accounts are eligible to receive enhanced federal insurance coverage from NCUA:

- Interest on Lawyers' Trust Accounts (IOLTAs);
- Real Estate Escrow Accounts; and
- Prepaid Funeral Accounts.

In any of these accounts, if the primary account holder (the lawyer or escrow agent) is a member of a federally insured credit union, then all other depositors who contributed money to the account will likewise be federally insured by NCUA—even if they are *not* members of that credit union.

For example, if a lawyer, real estate agent, or funeral director member maintains an escrow account in a federally insured credit union on behalf of clients, all clients' contributions will be insured up to \$250,000.

The new share insurance regulation approved last month by the NCUA Board will also accommodate "other similar escrow accounts." The enclosed guidance from NCUA's Office of General Counsel describes principles that will determine how NCUA could qualify other similar escrow accounts, on a case-by-case basis, for insurance coverage to pass through from a member to non-members.

In general, if a person pays into an NCUA-insured account held by a member escrow agent—and if the member has a fiduciary duty to save the funds (like a lawyer, real estate agent, or funeral director does on behalf of clients)—then the account could be treated as an other similar escrow account. In such a case, pass-through coverage would apply so that the insured account held by the member escrow agent covers everyone who paid into that account—including members and non-members.

If you have any questions about the new insurance coverage for the three accounts mentioned above, or other similar escrow accounts, please contact NCUA's Office of General Counsel at 703-518-6540 or ogcmail@ncua.gov.

Sincerely,

/s/

Debbie Matz
Chairman